



## **CAPITALIZATION POLICY** *for* **FIXED ASSETS**

**STATEMENT OF PURPOSE:** The purpose of this policy is to establish a procedure for calculating and recording the depreciation of fixed assets.

**GUIDELINES:** Assets with a total cost in excess of \$5,000 (see MCA 7-6-616) are capitalized and have a lifespan of 5 years or more. All capital assets are recorded at cost, including costs attributable to bringing and installing the asset in its needed location. Assets acquired wholly or in part through public, private, or grant funding will be recorded.

All expenses are coded in the 900 object number range. Capital assets are depreciated using the straight line method over estimated useful life. Capital assets are recorded and annually updated on the Capital Asset Depreciation Schedule spreadsheet. Fully depreciated assets remain on the schedule until such time that disposal occurs.

Land, construction work in progress, museum and art collections, library collections, and easements are not depreciable.

**DISPOSAL:** When a capital asset no longer fits library needs, it is disposed of as follows:

- Donated to another library and/or nonprofit entity
- Sold for cost determined by the item's estimated value
- Recycled and/or thrown away

For tracking purposes, a note will be made on the Capital Asset Depreciation Schedule spreadsheet stating the method of disposal.

This policy was reviewed and approved by the North Lake County Public Library District Board of Trustees on **July 27, 2021**.

**Signed:**

Clint Hoxie  
Board Chair

Abbi Dooley  
Library Director